

Message Text

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ACTION EB-07

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SUBJECT: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT:

CONFERENCE DEVELOPMENTS FEBRUARY 3-4

REF: ROME 1739

SUMMARY - MAJOR BREAKTHROUGH IN NEGOTIATIONS DEVELOPED AFTER EX-
CHANGE OF VIEWS TUESDAY MORNING, WHEN GROUP-77 SPOKESMAN INDICATED
THEY WERE WILLING TO ACCEPT SO-CALLED PRINCIPLE OF SELF-DETERMINATION
ON VOTING OF CATEGORIES, THUS PERMITTING CATEGORY I (OECD/DAC
COUNTRIES) TO DECIDE UPON THEIR OWN FORMULA OF VOTING IN GOVERNING
COUNCIL AND EXECUTIVE BOARD. PACKAGE DEAL WAS WORKED OUT ON THIS AND
OTHER PORTIONS OF G-77 PROPOSALS OF FEBRUARY 2, WITH MINI CONTACT
GROUP FORMED TO WORK OUT LANGUAGE ON USE OF COMPETENT AGENCIES OTHER
THAN INTERNATIONAL OR REGIONAL AGENCIES FOR PROGRAM AND PROJECT
APPRAISALS. COMMITTEE OF WHOLE SESSION WAS OCCASION FOR ROUND OF
PLEDGE STATEMENTS, INCLUDING GENERAL STATEMENT BY OPEC, WITH NO
SPECIFIC FIGURE MENTIONED, AND AGREED OECD/DA-OPEC STATEMENT ON
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NEED FOR EQUIVALENCE BETWEEN DAC/OPEC CONTRIBUTIONS.

1. GENERAL AGREEMENT ON MOST MAJOR OUTSTANDING SUBSTANTIVE ISSUES IN THE IFAD NEGOTIATIONS WAS REACHED IN THE CONACT GROUP ON TUESDAY EVENING. THE MAJOR ELEMENTS OF THE AGREEMENT ARE AS FOLLOWS:

- A) EACH OF THE THREE SEPARATE IFAD CATEGORIES CAN DECIDE FOR ITSELF HOW THE VOTES WITHIN THE CATEGORY ARE TO BE DISTRIBUTED IN BOTH THE GOVERNING COUNCIL AND THE EXECUTIVE BOARD. CATEGORY I (OECD COUNTRIES) WILL THEREFORE REMAIN WITH THE FORMULA AGREED EARLIER, E.E., 17.5 PERCENT OF THE VOTE DISTRIBUTED EQUALLY AMONG ALL MEMBERS WITH THE REMAINDER DISTRIBUTED PROPORTIONATE TO CONTRIBUTIONS.
- B) DECISION IN THE EXECUTIVE BOARD SHALL BE TAKEN BY A MAJORITY OF THREE-FIFTHS OF THE VOTES CAST (NOT COUNTING ABSTENTIONS) PROVIDED THAT SUCH MAJORITY IS MORE THAN ONE-HALF THE TOTAL NUMBER OF VOTES OF ALL MEMBERS OF THE EXECUTIVE BOARD.
- C) EXCEPTIONS TO THE RULE THAT DECISION ON THE GOVERNING COUNCIL SHALL BE MADE BY A SIMPLE MAJORITY OF TOTAL VOTES INCLUDE ALL THE ITEMS OF MAJOR INTEREST TO THE U.S. EXCEPT DELEGATION OF POWERS TO THE EXECUTIVE BOARD. THESE ADDITIONAL EXCEPTIONS SHALL REQUIRE A TWO-THIRDS MAJORITY VOTE.
- D) AS A GENERAL RULE PROJECTS AND PROGRAMS SHALL BE APPRAISED AND SUPERVISED BY INTERNATIONAL AGENCIES. IN SOME CASES, NATIONAL AGENCIES MAY APPRAISE A PROJECT OR PROGRAM BUT IN THESE CASES SUPERVISION MUST BE BY INTERNATIONAL AGENCIES.
- E) AN APPROPRIATE REFERENCE TO COOPERATION WITH FAO SHALL BE INCORPORATED INTO THE ARTICLES.
- F) THE ARTICLES OF AGREEMENT SHALL NOT BE OPEN FOR SIGNATURE UNTIL THE LEVEL OF PLEDGES REACHES \$1 BILLION. THE AGREEMENT SHALL ENTER INTO FORCE ONCE INSTRUMENTS OF RATIFICATION REPRESENTING \$750 MILLION ARE RECEIVED.

2. ALTHOUGH GENERAL AGREEMENT WAS REACHED ON ALL THE ISSUES, NEGOTIATIONS ON SPECIFIC LANGUAGE, ESPECIALLY WITH REGARD TO THE USE OF INTERMEDIATE INSTITUTIONS AND RELATIONS WITH FAO, ARE CONTINUING AND FINAL AGREEMENT IS STILL NOT CERTAIN.

3. COMMITTEE OF WHOLE FEBRUARY 4 REVIEWED STATUS OF PLEDGES. DISCUSSION WAS OPENED BY CATEGORY I SPOKESMAN INDICATING THAT COUNTRIES REPRESENTED EXPECT TO MEET THEIR SHARE OF TARGET OF \$1 BILLION BASED ON CLEAR UNDERSTANDING THAT EQUIVALENT CONTRIBUTION WILL BE FORT-LIMITED OFFICIAL USE

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COMING FROM OPEC COUNTRIES. ALSO URGED ALL COUNTRIES INDICATE THEIR INTENDED PLEDGES TO UN/SYG AND TO OTHER DONOR COUNTRIES BY APRIL 15, SO THEY WOULD BE KNOWN PRIOR TO CALLING OF PLENIPOTENTIARY CONFERENCE.

4. SPOKESMAN FOR CATEGORY II (SHIHATA OF KUWAIT) GAVE PREPARED STATEMENT NOTING THAT OPEC COUNTRIES HAVE SIGNED AN AGREEMENT ESTABLISHING A NEW FACILITY TO PROMOTE ADDITIONAL ASSISTANCE TO DEVELOP-

ING COUNTRIES. CONTRIBUTIONS TO THIS FUND FOR 1976 WILL BE \$800 MILLION. ONE OF FIRST ITEMS ON AGENDA OF THEIR FUND, AS SOON AS IT IS RATIFIED, WILL BE TO DECIDE ON ITS CONTRIBUTION TO MAKE FOR IFAD. HE INDICATED THE EXPECTATION THAT FOR ITS STEERING COMMITTEE A SUBSTANTIAL PORTION OF THEIR FUND WOULD BE AVAILABLE FOR IFAD ONCE ARTICLES OF AGREEMENT OF OPEC FUND ARE RATIFIED. BUT HE WAS NOT SURE A DECISION COULD BE REACHED BY APRIL 15. HE ADDED THAT THE REMAINDER OF THE FUNDS WOULD BE AVAILABLE IN THE FORM OF LONG-TERM INTEREST-FREE LOANS TO MSA FOR BALANCE OF PAYMENTS SUPPORT AND DEVELOPMENT PROJECTS AND PROGRAMS. (NO OTHER OPEC REPRESENTATIVE SPOKE.)

5. MOST GROUP I COUNTRY DELEGATIONS GAVE THEIR INDIVIDUAL INTENTIONS ON IFAD AS FOLLOWS: SWEDEN: \$25 MILLION, CONDITIONAL ON OTHER CONTRIBUTIONS AND TOTAL OF FUND PLEDGED; NETHERLANDS, \$40 MILLION, UNCONDITIONAL; NORWAY 10 MILLION SDRS; UK, \$30 MILLION, CONDITIONAL ON

OTHERS, ESPECIALLY ON OPEC PARITY; SWITZERLAND, \$8 MILLION, CONDITIONAL; GERMANY \$52 MILLION, CONDITIONAL. U.S. RESTATED U.S. POSITION, INDICATING AUTHORIZATION OF \$200 MILLION FOR IFAD BUT THAT THIS SUM WOULD BE PREMISED ON THE TOTAL PLEDGES OF \$1 BILLION AND EQUIVALENT CONTRIBUTIONS BY GROUPS I AND II, U.S. FURTHER INDICATED THAT ITS PLEDGE WOULD NEED TO BE SCALED DOWN IF THE TWO CONDITIONS WERE NOT MET. OTHER DAC COUNTRIES INDICATED INTENT TO JOIN IFAD, BUT WERE NOT PREPARED TO INDICATE THE LEVEL OF THEIR CONTRIBUTIONS.

6 AT CLOSE OF WEDNESDAY MORNING FEBRUARY 4 MEETING OF COMMITTEE OF WHOLE, CHAIMENAS OF CONTACT GROUP READ FOLLOWING STATEMENT ON BEHALF OF CATEGORIES I AND II: QTE IT IS THE UNDERSTANDING OF CATEGORIES I AND II THAT CONSISTENT WITH THE BACKGROUND AND UNDERLYING STRUCTURE OF IFAD, THE TOTAL AMOUNT OF CONTRIBUTIONS BY COUNTRIES MEMBERS OF CATEGORY II WILL BE AS CLOSE AS POSSIBLE TO THE TOTAL
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AMOUNT OF CONTRIBUTIONS OF THE COUNTRIES MEMBERS OF CATEGORY I, IN ORDER TO ENABLE THE FUND TO START OPERATIONS IN THE MAGNITUDE ENVISAGED BY THE INTERESTED COUNTRIES. IT IS FURTHER RECOGNIZED BY CATEGORIES I AND II THAT THE LEVEL OF THE CONTRIBUTION OF EACH WILL IN THIS MANNER BE RELATED TO THE CONTRIBUTIONS FROM THE OTHER GROUP. UNQTE THIS STATEMENT IS TO BE INCLUDED IN THE REPORT OF THE MEETING.VOLPE

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